

INITIAL STATEMENT OF REASONS

a) Specific Purpose of the Regulations and Factual Basis for Determination that Regulations Are Necessary

The proposed regulations implement changes consistent with policies set forth in All County Letters (ACLs) 12-02, 12-23, and 12-66, and the settlement agreement reached in *Hartley v. Lightbourne*. These changes reorganize legal and regulatory requirements under which the California Work Opportunity and Responsibility to Kids (CalWORKs) program is operated.

Sections 44-352.32, .34, and .35:

Specific Purpose:

This sections are amended and adopted to conform to ACLs 12-02, 12-23 and 12-66 and the settlement agreement reached in *Hartley v. Lightbourne*.

Factual Basis:

These amendments are necessary to comply with ACLs 12-02, 12-23 and 12-66 and the settlement agreement reached in *Hartley v. Lightbourne*. Previously, County Welfare Departments (CWDs) were able to collect overpayments (OPs) from any person who had been in the Assistance Unit (AU) when the overpayment was incurred. This meant that children in an AU, once emancipated or attaining majority, could be held accountable for OPs. In addition, if a child in an overpaid AU moved to a new AU, the CWD could collect the overpaid AU's overpayment from the child in the new AU.

ACL 12-02 released January 6, 2012, terminated all existing collection actions from adults or emancipated minors that were minors receiving cash aid in an assistance unit when an overpayment (OP) occurred via grant reduction, tax intercept or other collection methods, from that date forward.

ACL 12-23 released May 12, 2012, directed CWDs to cease and desist from all existing collection actions from minors who moved from an overpaid AU to a new AU, via grant adjustment or other collection methods from that date forward.

ACL 12-66 released December 5, 2012, provided follow-up instructions to ACLs 12-02 and 12-23 and final implementation guidelines for the settlement in the *Hartley v. Lightbourne* litigation.

b) Identification of Documents Upon Which Department Is Relying

1. ACL 12-02
2. ACL 12-23
3. ACL 12-66
4. *Hartley v. Lightbourne*, Case No. RG11605702 (November 5, 2012, Alameda Superior Court)

c) Local Mandate Statement

These regulations do impose a mandate on local agencies. If the Commission on State Mandates determines that these regulations contain reimbursable costs mandated by the state, reimbursement to local agencies for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government code.

d) Statement of Alternatives Considered

The *Hartley v. Lightbourne* Settlement Agreement was reached after considerable negotiations between the CDSS and opposing counsel. The Settlement Agreement represents both parties' consideration of alternatives and the compromise reached was considered best for the affected population.

The CDSS must determine that no reasonable alternative considered or that has otherwise been identified and brought to the attention of CDSS would be more effective in carrying out the purpose for which the regulations are proposed or would be as effective as and less burdensome to affected private persons than the proposed actions or would be more cost effective to affected private persons and equally effective in implementing that statutory policy or other provision of law.

e) Statement of Significant Adverse Economic Impact On Business

The CDSS must determine that the proposed action will not have a significant, statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states. This determination was made because this action only pertains to the CWDs' ability to collect CalWORKs overpayments.

f) Economic Impact Assessment

The adoption of the proposed amendments will neither create nor eliminate jobs in the State of California nor result in the elimination of existing businesses or create or expand businesses in the State of California.

The benefits of the regulatory action to the health and welfare of California residents, worker safety, and the state's environment are as follows: California residents' health and welfare benefit will be marginal as the only persons who will be affected are the former and current CalWORKs clients who will not have overpayments established against them. It is anticipated that there will be no benefit to worker safety and the state's environment as a result of this regulatory action.

The following documents were relied upon in proposing the regulatory action: The *Hartley v. Lightbourne* Settlement Agreement, ACL 12-02, ACL 12-23 and ACL 12-66.

g) Benefits Anticipated from Regulatory Action

The primary benefit and intent of this regulatory action was to prevent harm to the very persons the CDSS seek to help, the children aided by CalWORKs. For minors and former minors against whom overpayments were established, enactment of this regulation will benefit them immediately as they will no longer be liable for those overpayments. For minors and former minors against whom overpayments would be established in the future, they will no longer have that burden to contend with.

h) Statement of Specific Technology or Equipment

This regulatory action will not mandate the use of new, specific technologies or equipment.